

Questions and Answers at the President's News Conference on National Issues

Following is a transcript of the questions and answers from President Carter's news conference in Washington yesterday, as recorded by The New York Times:

Balanced Budget

Mr. Cormier.

Q: Mr. President, do you look forward to more than a balanced budget in a row, because if you look for more, haven't there been a row since Eisenhower, three in a row since Truman and four in a row since Herbert Hoover. I just wondered how you look forward to that?

A: My hope is that once we establish a precedent of a balanced budget under the present very difficult circumstances that we will be able to maintain that financial discipline and that budget discipline that we have achieved.

Israeli Settlements

Q: Mr. President, is Israel keeping faith with the Camp David accords in the autonomy talks when by government policy it continues to confiscate the land of the Palestinians?

A: There is nothing specifically in the Camp David Accords concerning the settlements themselves. There is an agreement, and the treaty between Israel and Egypt, about settlements that have been established in the Sinai region, which is Egyptian territory. I might say concerning this, that our policy is set by me as President. There has been no change in our policy. That policy is guided by U.N. resolution 242 and 338 — the basis of all our negotiations — by every word in the Camp David accords signed by me on behalf of our nation and by Begin and Sadat on behalf of Israel and Egypt. We intend to carry out that agreement.

Right now we are engaged in some very difficult but very important discussions and negotiations to establish full autonomy on the West Bank Gaza area. I believe that these discussions can be successful. It's crucial to our nation's security that they be successful, that we have peace in the Middle East and it's, I think, crucial to the whole region that these discussions be successful.

I might add one other point. It's not easy. We've had tedious negotiations at Camp David; we had tedious negotiations almost exactly a year ago when we finally concluded and signed the Middle East Peace Treaty. Our principles are well known by Prime Minister Begin and by President Sadat, and I stay constantly in touch with them and our negotiators to make sure that we are successful. I believe that we will have peace in the Middle East with a secure Israel behind recognized borders, with the Palestinian question being resolved in all its aspects and with peace between Israel and her neighbors.

Mixup on Resolution

Q: Mr. President, this is — you say the resolution is set by you, and this is a question about the recent mixup on the U.N. resolution. My question really goes to the process. The resolution was not the resolution that you wanted. Are you the only one who was confused that it's not the resolution you want? Does your staff not know when it's not a resolution that you want? Is it possible that some of your foreign policy advisers are trying to make policy for you?

A: I don't think anybody in my Administration doubts that I'm the one who sets the policy. The U.N. resolution as it was passed was not in accordance with the policy that I have established. It was not in accordance with the agreements that I had made with Prime Minister Begin, well understood by President Sadat.

We had agreed among us that we did not approve, as an American Government, of the settlements on the West Bank and Gaza area; that they were an obstacle to peace. But we also had agreed that during the time of the negotiations we would not cut off the dismantling of existing settlements. That was to be resolved as an issue in the ongoing negotiations.

Also, President Sadat, Prime Minister Begin and I agreed on a paragraph in the Camp David Accords concerning Jerusalem. I called for, and we still believe, that there should be an undivided Jerusalem, but that those who look upon these places in Jerusalem as holy places should have unimpeded access to them for worship.

This resolution in the U.N. violated those two very important basic principles. Those issues have not yet been resolved. There is nothing in this resolution in the U.N. that established the permanent status of the West Bank and Gaza area. That will be established after a five-year interval period, during which full autonomy is enjoyed by the residents of the area.

So the policy was in violation of my resolution. I might say that I have absolute confidence in Secretary Vance. I have seen him days and days and weeks negotiating to achieve the security of Israel and the peace of Israel. It was an honest breakdown in communications between me and the United Nations. I'm responsible for anything that goes wrong in this Government and I'm also responsible, on occasion, for things that go right. Secretary of Vance is responsible for the State Department. But to say exactly how this communications broke down is very difficult to do.

But I made it known as quickly as I discovered it, that this resolution did violate the policy and disavowed our vote for it.

Fight on Inflation

Q: Mr. President, the other three of you proposed that we have an inflation program you pledged each time that they would help restrain the rate of inflation, and yet we've seen it climb from 5 percent when you took office to more than 18 percent now on an annual basis. What assurance can you offer the American people that the plan you announced today will bring down the rate of inflation?

A: I have absolutely no doubt that the plan that I outlined today, when implemented, will indeed bring down the high rate of inflation which exists today. There are some elements that cause the present high inflation rate,

which is a worldwide problem, over which I have no control. One is the price of foreign oil, when we are importing so much of it. As I said earlier, it has more than doubled in price in the last 12 months. In fact, just one month ago the price of energy in our own nation increased 7½ percent in one month, which is an annual rate of 90 percent. But I can control how much oil is imported at that high price, and we can shift to more plentiful supplies of energy in our own nation.

We have not had a balanced budget in 12 years. We've only had one balanced budget since 1961. But I can guarantee you that we will have a balanced budget in the 1981 fiscal year beginning Oct. 1. The nation is aroused now as it has never been before, at least in my lifetime, about the horrors of existing inflation and the threat of future inflation. Never in the history of our nation has there been so much of a common commitment and a common discussion and a common negotiation between any President and his administration and the leaders of the Congress. This is a mutual commitment. It's not just something that I'm proposing to Congress with little expectation of success. So there are several elements, including those I just described to you, that make it certain, in my mind, that we will have a substantial reduction in the inflation rate during this year — the latter part of this year — and I believe that we'll be under double-digit inflation next year.

Strategic Arms Treaty

Q: Mr. President, I'm a bit confused in regard to the treaty that you signed as binding on this country and that you would consult on compliance with it. I guess the question then comes down to whether or not the United States, in absence of ratification, would observe the provisions of SALT II in the interim. Is it in its own best interests, and I suppose inviting Soviet comparable action. Is that what you're saying to us?

A: Ordinarily when a treaty is signed between the heads of two nations, the presumption is that the treaty will be honored on both sides after some further development. One further development that would cause me to renounce the treaty would be after consulting with the members of the Senate to determine an interest of our nation that might cause such a renunciation, in which case I would notify the Soviet Union that the terms of the treaty were no longer binding. So there is no danger of our backing out. The SALT II treaty. One is that the Soviets reciprocate completely as verified by us and secondly that the consultations that I will continue with the Senate leadership confirm as the ones who are in the best interests of our country to do so.

Favoring People for Votes

Mr. President, you said that you could buy votes in this particular election with your efforts to balance the budget. Will you continue to favor those particular cities and persons within those cities who favor your re-election?

A: We have never favored any person or cities who favored my re-election.

Change in Budget Policy

Q: Mr. President, you submitted your fiscal '81 budget just a few weeks ago. And the news that the January C.P.I. figures and everyone was shocked, of course. My question is: Why, sir, could you not have anticipated the increase in inflation and submitted a balanced budget at that time, the kind of cuts you announced and the kind of package that you announced today and, as you mentioned a minute ago, the kind of country that it was?

A: Well, circumstances have changed drastically since we completed the budget in the last budget. Ever since I submitted it to the Congress in January. At that time, there was a general presumption that quite early in the year you announced and the kind of inflation, but with an actual recession. Everyone has been amazed at the strength of our economy and other indicators of a very hot economy, in spite of the fact that energy prices and other reasons have caused the inflation rate to escalate.

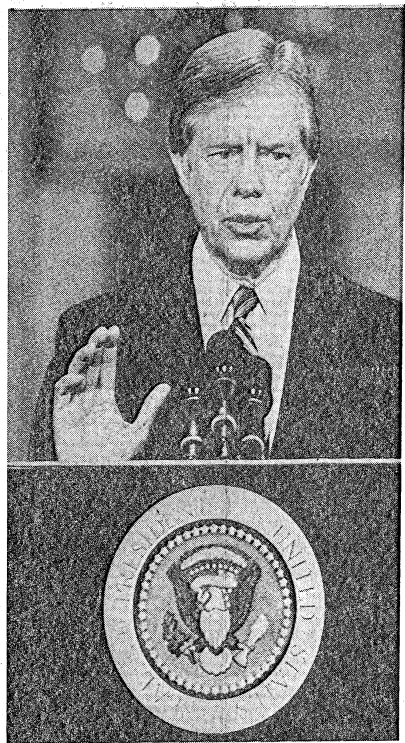
So when circumstances change, as I've just described, we must change our policy. I think that when we submitted this budget in January it was a very stringent budget. When I ran for President, for instance, in 1976, the budget deficit was about — over 4 percent of the gross national product. The 1981 budget, as submitted, had cut that 4 percent down to about one-half of 1 percent.

So we've been making good progress in cutting down the budget deficit, but now, because of increasing evidence of uncontrollable inflation and uncontrollable interest rates if we don't take more drastic action, we decided to take the drastic action that I described this afternoon.

Criticism by Blacks

Q: Mr. President, the Congressional Black Caucus has labeled your 1981 budget proposal an unmitigated disaster for racial minorities, the poor and the elderly, and they also reflect the level of indifference that the Administration has adopted towards the minority community. Could you respond to that?

A: That's not an accurate assessment, but I think it's an accurate report that you just gave on their attitude. We've had a very successful first three years in increased programs and increased sensitivity to the needs of the disadvantaged people in our country, including minority groups. We've had an unprecedented increase in jobs. We've had an unprecedented commitment to the urban areas of our country inhabited by the poor and quite often by minority groups. We've had a 75 percent increase in educational funds from the Federal Government, primarily oriented toward the disadvantaged children and others, so we've got an excellent record so far not only in the allo-



President Carter addressing reporters last night at the White House

cation of funds and programs for those who need them most but also in the appointment of very eligible and very competent minority representatives in the leadership of our government and to Federal judgeships and other similar positions in the regulatory agencies.

Now in my opinion the people in our nation who will most benefit from controlling inflation are the ones who are most damaged by it, and that's the ones

am deeply concerned — the disadvantaged and the poor — is to take every step to control inflation. The cuts that we have put into our plans that will be revealed to the Congress very shortly have been worked out by the very liberal members of the Congress who helped to initiate those programs in the first place, and as we have put together this package we have had a special sensitivity for those who are most disadvantaged and have minimized the adverse effect on them by the cuts that will be proposed.

Hostage Situation

Q: Mr. President, you can give us some new words in the hostage situation in Iran? Is this Administration content to just wait until the Parliament is elected? Or do you have any plans to resolve this? Do you plan to bring any more pressures on Iran?

A: We're not content for the innocent American hostages to be held by terrorists for one single day. This is an affront act in direct violation not only of international law, but of very Islamic principles, which these militants profess to espouse and to support.

We have done everything we possibly could, in the last four months, to honor the principles of our nation, to protect the interest of our nation, to try to preserve, in every way, the health and the lives of those hostages and to work for that release.

I don't know when they'll be released. We have constant negotiations and attempts to ping-pong continuing communication with the leaders of Iran. I believe that when there's a stable government in Iran — which may possibly occur after the elections. The vote, as you know, began today.

But our past few years have been characterized by bitter disappointments because, in effect, commitments that had been made by the newly elected President and Administration of Iran were not honored — because prior to these Parliamentary elections they had changed their minds. We have the authority to speak and carry out their own commitments. Whether they'll have that authority after the elections are completed, I don't know — I certainly hope so.

Kennedy's Candidacy

Q: Mr. President, how much longer before you will feel that you have still have to use the phrase, Senator Kennedy's donkey? Will it take the Illinois primary? Or New York? At what point do you feel you're going to have this job done?

A: Well, I think we've got 35 or 38 primaries and the rest caucus states. During this five-day period I think we've got 11 elections. We've done very well in those contests, but the acknowledgment of defeat is a judgment to be made completely by my opponents and not by me, and I have no indication and no expectation that there would be any termination of their election efforts any time in the near future.

Iranian Immigrants

Q: Sir, why did we let in over 9,000

Iranians to come here and be citizens of this country after they took our hostages?

A: Well — Q: Was that an accident? What happened? A: No. It's not an accident. There's a difference between a great and a free and compassionate democratic nation on the one hand, and other countries from which refugees flee, looking for freedom, looking for the right to worship as they please, trying to escape possible persecution.

We have screened the immigrants very closely and in every instance they have been determined to have a real, genuine, legal interest and reason for coming to our country. It would not be advisable for us, it would not be humane for us, it would not even be decent for us, in my opinion, when we have an intense confrontation, an extremely emotional confrontation with a revolutionary country like Iran, to refuse to accept refugees who are trying to escape circumstances there and coming to our nation for a haven.

This was a decision made by me. It's in accordance with the American law. And I believe it's in the best interests of our own country to do so.

Tactics Against Inflation

Q: Mr. President, would you please explain how an oil import fee of four dollars sixty some odd cents per barrel and an eventual 10-cent-per-gallon tax on gasoline will help fight inflation, rather than create more inflation?

A: The immediate result of that will not be a reduction in inflation. It will be an increase in the inflationary status of our country as measured by the CPI (Consumer Price Index). But what we must do is to cut down on our excessive dependence on imported oil. This year we're going to send out of the nation between \$80 billion and \$90 billion of hard-earned American money to foreign countries to buy their oil. As we import that excessive amount of oil, we also import inflation and unemployment.

When we reduce our unwarranted demands to keep the existing amount of oil that exists on the world markets, it causes a lessening in demand and therefore tends to hold down prices. I believe that because of our action in cutting down oil imports and conservation measures, combined with that of other major oil-importing countries, we have already seen some moderation of the price of oil. I have no belief at all that 1980 will see anything like the inflation in oil prices that we saw in 1979 when demand exceeded the available supply.

So we're benefiting two ways: One is keeping the money and the jobs in our own nation, instead of sending it overseas; and secondly, we have to moderate the worldwide price for energy which will have a major effect in cutting down inflationary pressures in our country in the future. But there will be some transient, temporary adverse effects because of the increase that I will bring about by the conservative fee.

Q: Thank you, Mr. President.

A: Thank you.

Carter Says Arms Treaty May Be Denounced If Senate Wants to Reject It

Continued From Page 1

ership that it was "in the best interests" of the United States to keep to the terms of the accord even though it had not been formally ratified.

The news conference took place several hours after Mr. Carter gave a speech this afternoon announcing his inflation-fighting formula for the nation.

Many of the questions were on foreign affairs. In addition to the strategic arms accord, he was asked about the foully in the United Nations in which the United States voted on March 1 for a Security Council resolution against Israeli settlement policies and then two days later Mr. Carter denounced the resolution.

Mr. Carter went out of his way — as his spokesmen have done diligently in recent days — to affirm that there had been no change in American policy toward Israel or toward the search for peace in the Middle East.

Violation of U.S. Policy

But he said that the United States policy "violated" United States policy and the agreement he reached at Camp David in September, 1978, with Prime Minister Menachem Begin of Israel and President Anwar-el-Sadat of Egypt.

As has been said before, he asserted that the Security Council resolution calling on Israel to dismantle existing settlements in the occupied territories went further than the Camp David accord. He also said that there had been an agreement that there should be an undivided Jerusalem but that there should be unimpeded access for worship. It had been agreed at Camp David not to try to deal with the question of Jerusalem and this was mentioned in the United Nations resolution.

"So the resolution was in violation of my policy," he added.

The vote, he continued, resulted from an "honest breakdown in communications" that he said was very hard to explain.

Secretary of State Cyrus R. Vance took the responsibility for the misunderstanding. Mr. Carter's instructions, but Mr. Carter added tonight that "I have absolute confidence in Secretary Vance."

On another topic, he was asked whether he looked forward to more than one balanced budget. Mr. Carter said that the Administration "will look forward" to continuing to exercise "financial discipline" in coming years.

Asked what assurances he could offer on lowering the inflation rate, Mr. Carter said he had "no doubt" that the measures he announced earlier today would bring down the current rate. He blamed inflation on increases in the price of oil and

noted that he could control the level of energy imports.

"The nation is now more than ever before about the horrors" of price increases, he said, adding that he was "certain" that the inflation rate would go down, into the range of "single-digit" inflation, later this year.

The President sharply criticized the Iranian government and militants for the continued holding of American hostages in the United States Embassy in Teheran. He said the United States had done "everything we possibly could" in the past four months to gain release of the diplomatic personnel.

"But our past few days have been characterized by bitter disappointment," he added, asserting that the Iranians had broken "commitments" they made to us, apparently because they did not have the authority to carry them out.

The President said he did not know how much longer the hostages would be held.

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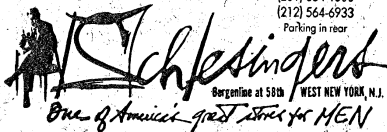
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Campaign Report

CARTER'S PROPOSALS — Even before President Carter formally announced his economic plan yesterday, it was being attacked from both left and right, by Senator Edward M. Kennedy and by Ronald Reagan.

Mr. Reagan, who said he was basing his criticism on news accounts predicting Mr. Carter's program, said in Belleville, Ill.: "All I can see is he is going to attempt to balance the budget mainly by increasing the taxes." Mr. Reagan advocates a 30 percent cut in income tax rates over a three- to five-year period.

Senator Kennedy, in Stone Park, Ill., told a union audience that President Carter's proposed import fee on oil and new restrictions on the consumer credit would raise his listeners' gas bills, adding: "How much do you think that's going to lower inflation?" He has advocated gasoline rationing and wage, price and profit controls as a means of containing inflation.

BUSY WEEKEND — Although the Illinois primary on Tuesday overshadows everything else, it will be a busy weekend politically, at least for Democrats. Today, the party will conduct local caucuses to select delegates to state conventions in three states — South Carolina, which will send 37 delegates to the national convention; Mississippi, with 29 delegate votes, and Wyoming, with 11. Then tomorrow comes Puerto Rico's Democratic primary, which elects 41 national convention delegates. After Sunday, there's a pause — except for the tramp, tramp, tramp of candidates marching in St. Patrick's Day parades — and then Illinois, where voters will elect 102 Republican candidates and 179 Democrats.

FORD'S DECISION — An announcement from former President Gerald R. Ford is expected, perhaps Wednesday. On the chance that he will decide to run, the Cuyahoga County Republican chairman, Robert Hughes, is busy in Ohio putting together a possible Ford slate. He is circulating petitions to be ready to file before next Thursday, the deadline for the Ohio primary. The primary June 3 will elect 77 Republican delegates. Mr. Hughes is known to be close to Gov. James A. Rhodes, who is staying officially neutral, and says confidently: "We'll have a majority of the state central committee on the slate." That's a statement he could scarcely make without the Governor's tacit consent.

TRILATERAL ISSUE — Representative John B. Anderson has been bedeviled by what appears to be an organized campaign to make his membership on the Trilateral Commission an issue in the Illinois primary. In Bloomington, Ill., on a radio talk show, a caller asked him about the commission's alleged "one-world" goals, and Mr. Anderson replied:

"Well, I'm not for one-world government, ma'am, because, my dear woman, there is nothing wrong in associating with very reputable people from both the Democratic and Republican parties. As I say, the chairman of the Democratic National Committee has belonged. Mr. Brock, the chairman of my own party, is a member. Very conservative members of Congress on both sides of the political aisle have belonged, and I simply reject out of hand the wild speculation, and that's all it is, based on a lot of rumor and absolute lack of any facts whatsoever, that this is some kind of conspiratorial force out to abolish the Constitution of the United States and to substitute a world government. It's just not so."

The commission is a foreign-affairs study group whose membership has been made an issue in several primary states previously, with George Bush, another Republican candidate, a target as well as Mr. Anderson.

Linda Charlton

Kennedy Finance Chairman Quits; Cites a Shortage of Personal Funds

Special to The New York Times

WASHINGTON, March 14 — Martin Katz, the finance chairman of Senator Edward M. Kennedy's Presidential campaign, resigned today, saying he was short of money because of the reduced salaries the troubled campaign has been paying.

He will return to the staff of his former employer, Senator Daniel Patrick Moynihan, Democrat of New York.

Mr. Katz said he would have remained with the campaign if there had been a "reasonable" expectation of full pay in the future.

"But it's an uncertain thing," he said, adding that he thought "others will be leaving" and noting that the coming primaries in Illinois and New York would require more organizational and media money than in previous states.

"We're Not Broken Yet"

Other Kennedy aides reported that about \$225,000 was flowing into the campaign's coffers each week, a rate that has not varied much in almost a month.

Philip Bakes, a deputy campaign manager, said that was enough to run a "pretty good" campaign in Illinois and

New York, but not enough to raise salaries to their original levels for the 190-member headquarters and field staff.

"We're not broke yet," Mr. Bakes continued. "Paychecks went out today, on time, \$100,000 worth. We've purchased more than \$150,000 worth of television time in Illinois, and just this morning bought another \$100,000 worth in New York."

"We've also got some famous artists, like Andy Warhol, who are doing paintings for us that we can use as collateral for loans," Mr. Bakes added. "The law says they can contribute their time and talent. One Warhol piece was good for a \$100,000 loan."

At one point, the Kennedy campaign had more than 200 field and office workers on its staff, some earning more than \$50,000 a year. But, as Senator Kennedy's political fortunes have fallen, both staff and pay have been steadily reduced.

About a dozen workers have been laid off in the last two weeks, and several others have resigned.

Mr. Katz said the campaign's outstanding debts totaled about \$50,000.



George Bush greeting morning rush-hour commuters in downtown Chicago

Use 'Economic Warfare' On Iran, Bush Demands

By ADAM CLYMER

Special to The New York Times

CHICAGO, March 14 — George Bush demanded today that President Carter wage "economic warfare" on Iran and break diplomatic relations to retaliate for the seizure of 59 Americans. Until now, he complained, Mr. Carter has relied on "symbols and catch phrases" and has shown "an infinite capacity to be misled."

The former Congressman, diplomat and Director of Central Intelligence said it had been a mistake to turn over the problem to the United Nations, but he argued against issuing any ultimatum now, as proposed by Ronald Reagan, one of his rivals for the Republican Presidential nomination. Instead, Mr. Bush said, it is time for "increasing pressure on Iran, so that the irresponsive powers there, be they mullahs or militants, understand that there is a price to be paid for endangering American lives and violating international law."

Mr. Bush, going beyond his rivals in saying what the United States should do to free the hostages, laid out his views in a forceful, careful speech that marked an announced shift in his campaign tactics.

Matters of Substance

He promised a similar speech soon on economic policy and announced that from now on he would not answer questions about tactics, prospects and momentum. This reflected the view in his camp that Mr. Bush was suffering from a perception that he discusses only winning and losing, not substance. And when a question came later at a news conference, in regard to whether he was "reconciled" to the third-place finish that most politicians expect of him in Tuesday's primary here, he ducked and referred it to an aide.

In his attack on the Carter Administration's handling of the hostage situation, Mr. Bush polished criticisms that he had offered from time to time and collected in a speech in Cambridge, Mass., two weeks ago. But until today he had resisted invitations to spell out alternatives, on the theory that it was necessary for the United States to speak with one voice and Mr. Carter had the required information. Addressing the Chicago Council on Foreign Relations, he said: "As we learned during the Vietnam War, in a free society no administration can expect — nor should it receive — unqualified, unquestioning support over an indefinite period of time, regarding foreign policy issues that concern the national interest as well as Americans' lives."

'Wishful thinking'

"We are apparently no closer to effecting a release of the hostages today than we were on the day they were seized," he said, contending that this was a result of President Carter's "wishful thinking."

"The President now says that the Bani Sadr regime misled him, his diplomatic

representatives and those of the United Nations during recent weeks." Mr. Bush said. "This is becoming a familiar refrain from the Carter White House. Jimmy Carter, it seems, has an infinite capacity to be misled in the area of America's foreign policy."

He turned from his criticism of Mr. Carter to attacking other Presidential candidates. He said, for example, that Mr. Reagan, the former Governor of California, wanted to "draw a line in the sand," by demanding release of the hostages by a fixed date.

He called this Mr. Reagan's "secret plan for ending the Iranian hostage crisis" and said it amounted to a bluff that is "as ineffectual as it is dangerous."

As for Representative John B. Anderson, the Illinois Republican, and Senator Edward M. Kennedy, the Massachusetts Democrat, Mr. Bush said they wanted to adopt an "American guilt approach."

Mr. Bush's own proposals came against a background of criticism from his rivals. Just last night, in a candidates' forum here, Mr. Anderson rebuked Mr. Bush and said, "You don't understand talking about the issues."

That criticism was matched by findings in many opinion polls that Mr. Bush's support was soft and his backers had only vague reasons for liking him.

In his speech today, he said that while negotiations with the Iranian regime could continue, formal diplomatic ties should be broken and the Iranian Embassy in Washington should be closed. He said the administration should get serious about Iranian students and not permit their numbers here to grow.

He called for "stringent application of economic sanctions," calling the step "economic warfare." He said, "It is ridiculous to be selling Iran home heating oil and spare parts today. It makes no sense at all."

He also said the United States should require support from its European allies and Japan.

Mrs. Carter Flees Fire In a Hotel in Wichita; 100 Others Also Safe

WICHITA, Kan., March 14 (UPI) — At 4 A.M. today, two Secret Service agents escorted Rosalynn Carter down eight flights of stairs from her suite in the Wichita Royale Hotel after a minor fire broke out in the hotel complex.

Mrs. Carter, who was in town to make a speech today to the White House Conference on Families at Wichita State University, moved to a nearby hotel. One hundred other guests were also evacuated. There was no evidence of arson, and no injuries were reported.

"It was all very easy," said Mary Hoyt, Mrs. Carter's press secretary. "It went smoothly. There was not a sign of panic." Officials said that the fire had broken out in the northwest corner of the seventh floor of the 18-floor Kansas State Bank and Trust Tower, which adjoins the Wichita Royale.

Smoke Filters Through Duct

A Secret Service spokesman said in Washington that the fire had broken out in a cleaning room of the bank tower and that smoke had filtered through a duct to the eighth floor. The bank and hotel are connected by corridors. The fire was confined to one small room in the bank tower, 200 feet from the hotel area.

Witnesses on the eighth floor said that other guests on that floor, including some state Democratic Party leaders, had been ordered to wait until Mrs. Carter had been taken to safety before they could be evacuated. But John Warner, spokesman for the Secret Service, denied the reports. "That is absolutely false," he said in Washington.

Mrs. Hoyt said that Mrs. Carter was dressed in a robe when the fire broke out and "grabbed her purse and walked down the stairs" to the lobby.

Jane Donahue, a hotel guest from Wearham, Mass., said that she spoke briefly with Mrs. Carter after the evacuation. "She was very worried about her speech," Mrs. Donahue said. "She said she had left it in the room in a black bag, and she sent a Secret Service agent after it."

A special laboratory squad and arson team were called to the fire scene, even though fire officials stressed that initial examinations had found no indication of arson.



Thomas Southwick, left, and John Gage, of Senator Edward M. Kennedy's staff, collecting fares from reporters aboard the candidate's campaign bus in Chicago. A shortage of funds in the Kennedy camp prompted the step.